

August 21, 2019

**Via ECFS & IBFS**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Room TW-A325  
Washington, DC 20554

**Re: RESPONSE TO PETITION TO ADOPT CONDITIONS**

**WC Docket No. 19-7; IB File Nos. ITC-T/C-20190128-00006 & ITC-T/C-20190128-00007**: Applications Filed for the Transfer of Control of Licensees of NTS, Inc. to Clarity Telecom, LLC d/b/a Vast Broadband

**WC Docket No. 19-16; IB File Nos. ITC-T/C-20190128-00003, ITC-T/C-20190128-00004 & ITC-T/C-20190128-00005**: Applications Filed for the Transfer of Control of Clarity Telecom Holdings, LLC to Python Intermediate II, LLC

Dear Secretary Dortch:

On behalf of T3 North Intermediate Holdings, Inc. ("T3"), NTS, Inc. ("NTSI") and its subsidiaries<sup>1</sup> (collectively, "NTS"), Clarity Telecom, LLC d/b/a Vast Broadband ("Clarity"), PC III CTH Holdings, L.P. ("PC III Holdings"), Python Intermediate II, LLC ("Python") (T3, NTS, Clarity and Python collectively, "Applicants"), this letter responds to the Petition to Adopt Condition to Authorizations and Licenses (the "Petition") filed in these matters by the U.S. Department of Justice ("DOJ") on August 19, 2019. Specifically, Applicants do not object to the condition proposed by DOJ, namely that the Commission conditions its consent on compliance with the August 16, 2019 Letter of Agreement executed by Clarity and NTSI.

In the Petition, DOJ also states that "[i]t is unclear whether the Commission ever reviewed NTS-Comm's federal conviction [for mail fraud] under its rules, regulations, and policy statements." DOJ states that the additional commitments set forth in the Letter of Agreement ("LOA") "will help ensure that those agencies with responsibility for enforcing the law, protecting the national security, and preserving public safety can proceed appropriately to satisfy those responsibilities." LOA at 3. DOJ specifically defers to the Commission to decide whether NTS-Comm meets the character qualifications set forth in its rules, regulations, and policy statements. For this purpose, Applicants provide additional information regarding NTS-Comm's 2002 plea agreement<sup>2</sup> that demonstrates that the conviction does not preclude the Commission from approving the transactions that are the subject of the above-referenced Applications.

Nearly two decades ago, NTS-Comm was involved in a billing dispute with Southwestern Bell Telephone Corporation ("SWBT") that after an investigation led to a criminal complaint being

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<sup>1</sup> The subsidiaries of NTSI that hold authorizations or licenses from the Commission are NTS Communications, Inc. ("NTS-Comm"), NTS Telephone Company, LLC, PRIDE Network, Inc. and XFone USA, Inc.

<sup>2</sup> See United States v. NTS Communications, Inc., 02-cr-00083 (W.D. Tex. filed Feb. 28, 2002)

filed by the DoJ against NTS-Comm, its then-President, and its then-Chief Operating Officer ("COO"). The complaint alleged that NTS-Comm did not accurately report its percentage of interstate usage on a monthly basis to SWBT and that NTS-Comm's actions amounted to violations of law (mail fraud and misprision of a felony). Since NTS-Comm did not possess sufficient resources at the time to engage in protracted and extensive litigation to defend itself, NTS-Comm and its then-President and COO agreed to settle the matter through a plea agreement and reimburse certain amounts to SWBT. As a result of this plea agreement and settlement, NTS-Comm was able to continue providing high-quality telecommunications service to its customers without interruption, and its more than 300 employees at the time were able to retain their jobs.

Importantly, the management and senior leadership of NTS-Comm that were in place at the time of the plea agreement are no longer with NTSI and have not been employed by NTSI for many years. Further, to the knowledge of NTSI, there has not been any allegation of another felony against NTSI much less another criminal conviction for a violation of local, state or federal law; or, for that matter, against the entities that will own and control NTSI upon completion of the transactions, Clarity and Python. In any event, based on the extended amount of time that has lapsed since the conviction, the surrounding circumstances of the plea agreement, the departure long ago of the individuals involved, and the long period with no reoccurrence of alleged felony violations, concerns arising from the guilty plea in 2002 are mitigated as contemplated in the *1990 Character Qualifications Order*.<sup>3</sup> As such, for the reasons described in the pending Applications, the public interest would be served by a grant of the Applications.

Applicants request that the Commission act on these Applications, and the related applications identified in DA 19-113, at the earliest possible date so that the parties can complete the transactions before the end of August.

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<sup>3</sup> *Policy Regarding Character Qualifications in Broadcast Licensing*, Policy Statement and Order, 5 FCC Rcd 3252, 3252, para. 5 (1990) ("1990 Character Qualifications Order").

Please do not hesitate to contact us with any questions.

Respectfully submitted,

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